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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in **Ko Yo Ecological Agrotech (Group) Limited** (the “Company”), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**Ko Yo Ecological Agrotech (Group) Limited**

**玖源生態農業科技(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8042)**

**PROPOSED GENERAL MANDATES TO ISSUE AND  
REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of the Company (“Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the “Latest Company Announcements” page of GEM website of the Stock Exchange at [www.hkgem.com](http://www.hkgem.com) and the website of the Company at [www.koyochem.com](http://www.koyochem.com) for at least 7 days from the date of its posting.

31 March 2008

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Annual General Meeting”	the annual general meeting of the Company to be held at Suite No. 02, 31st Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong on 25 April 2008, at 11:00 a.m., notice of which is set out on pages 14 to 17 of this circular
“Board”	the Board of Directors
“Company”	Ko Yo Ecological Agrotech (Group) Limited, incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Existing Issue Mandate”	the general mandate granted to the Directors on 26 April 2007 to exercise the powers of the Company to allot, issue and otherwise deal with Shares during the relevant period of up to 20% of the aggregate nominal value of the issued share capital of the Company as at date of relevant resolution
“Existing Repurchase Mandate”	the general mandate granted to the Directors on 26 April 2007 to exercise the powers of the Company to repurchase Shares during the relevant period of up to 10% of the aggregate nominal value of the issued share capital of the Company as at date of relevant resolution
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Latest Practicable Date”	27 March 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to dispatch of its circular
“Proposed Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with Shares during the relevant period of up to a maximum of 20% of issued share capital of the Company as at the date of passing the Resolution No. 6 as set out in the notice of the Annual General Meeting

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## DEFINITIONS

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“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares during the relevant period up to a maximum of 10% of issued share capital of the Company as at the date of passing the Resolution No. 7 as set out in the notice of the Annual General Meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	ordinary share(s) of par value HK\$ 0.02 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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LETTER FROM THE BOARD

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**Ko Yo Ecological Agrotech (Group) Limited**

**玫源生態農業科技(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8042)**

*Executive Directors:*

Mr. Li Weiruo (*Chairman*)

Mr. Yuan Bai

Ms. Chi Chuan

Ms. Man Au Vivian

Mr. Li Shengdi

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

Grand Cayman KY1-1111,

Cayman Islands

*Independent Non-executive Directors:*

Mr. Hu Xiaoping

Mr. Woo Che-wor, Alex

Mr. Qian Laizhong

*Principal place of*

*business in Hong Kong:*

Suite No. 02, 31st Floor

Sino Plaza

255-257 Gloucester Road

Causeway Bay

31 March 2008

*To the Shareholders*

*Dear Sir or Madam,*

**PROPOSED GENERAL MANDATES TO ISSUE AND  
REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the Annual General Meeting for (a) the renewal of the Existing Issue Mandate; (b) the renewal of the Existing Repurchase Mandate; and (c) the extension of the Proposed Issue Mandate by adding to it the aggregate number of the Shares to be repurchased under the Proposed Repurchase Mandate.

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## LETTER FROM THE BOARD

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### GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 26 April 2007, ordinary resolutions were passed granting the Existing Issue Mandate and Existing Repurchase Mandate to the Directors. In accordance with the provisions of the GEM Listing Rules and the terms of the Existing Issue Mandate and Existing Repurchase Mandate, the Existing Issue Mandate and Existing Repurchase Mandate will expire at the conclusion of the Annual General Meeting.

Resolutions set out in Resolution No. 6 in the notice of the Annual General Meeting will be proposed at the Annual General Meeting to renew the Existing Issue Mandate. The Proposed Issue Mandate will confer on the Directors the power to allot, issue and otherwise deal with Shares of up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution granting such mandate. The number of new Shares can be allotted under the Proposed Issue Mandate is 1,078,880,000 based on the issued Shares at the Latest Practicable Date. The proceeds from the issue of new Shares under the Proposed Issue Mandate will be used as general working capital of the Company and for the investment on the new urea plant with an annual capacity of 400,000 tonnes of ammonia and 450,000 tonnes of urea in Dazhou, Sichuan Province, the People's Republic of China and a total investment of approximately RMB 897 million. Resolutions set out in Resolution No. 7 in the notice of the Annual General Meeting will also be proposed at the Annual General Meeting to renew the Existing Repurchase Mandate. Moreover, resolutions as set out in Resolution No. 8 will be proposed to extend the Proposed Issue Mandate only after exercised the Proposed Repurchase Mandate, provide that such extended amount presenting the aggregate nominal amount of the share capital of the Company purchased under the Proposed Repurchase Mandate shall not exceed 10% of the aggregate nominal value of the share capital of the Company at the date of passing the Resolution No. 7. Such mandates will continue in force until the conclusion of the next annual general meeting of the Company, or the expiration of the period within the next annual general meeting of the Company is required by law or the articles of association to be held, or until the general mandates are revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest. With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue or repurchase any Shares pursuant to the relevant mandates.

An explanatory statement required by the GEM Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate containing all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the Annual General Meeting is set out in the Appendix I to this circular.

### RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 87 of the articles of association of the Company, Mr. Yuan Bai and Mr. Li Shengdi will retire at the Annual General Meeting.

Brief biographical details of the retiring directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

A notice of the Annual General Meeting is set out on pages 14 to 17 of this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, Resolutions No. 6 to 8 will be proposed as special businesses to approve the general mandate for the issue of Shares, the Proposed Repurchase Mandate, the extension of the general mandate for the issue of Shares and the re-election of retiring Directors.

A form of proxy for use at the Annual General Meeting is enclosed with the Company's annual report. If you do not intend to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company in Hong Kong, Union Registrars Limited at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, together with any power of attorney or another authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or any adjournment thereof. The completion and return of the form of the proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meetings should you so desire.

### RECOMMENDATION

The Directors are of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions in relation to the Proposed Issue Mandate, Proposed Repurchase Mandate and re-election of directors at the Annual General Meeting.

### PROCEDURES TO DEMAND POLL

A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

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## LETTER FROM THE BOARD

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- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Shareholder.

Yours faithfully,  
For and on behalf of the Board of  
**Ko Yo Ecological Agrotech (Group) Limited**  
**Li Weiruo**  
*Chairman*

The explanatory statement contains all the information required to be given to the Shareholders pursuant to the requirement of GEM Listing Rules. The purpose of this explanatory statement is to provide the Shareholders with all information reasonably necessary for them to make an informed decision as to whether to pass the resolution approving the Proposed Repurchase Mandate at the Annual General Meeting.

## 1. Relevant Legal and Regulatory Requirements in Hong Kong

### (a) *Shareholders' approval*

All repurchase of Shares, which must be fully paid up, on GEM, by the Company on GEM must be approved in advance by an ordinary resolution of Shareholders of the Company, either by way of a general mandate or by specific approval in relation to specific transactions.

### (b) *Source of funds*

All repurchases by the Company must be funded out of funds legally available for the purpose in accordance with the applicable laws of the Cayman Islands and the articles of association of the Company. The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under Cayman Islands law, any repurchases by the Company may be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase or, under certain circumstances, out of capital. Any premium payable on a repurchase must be made out of the profits of the Company or out of the Company's share premium account before or at the time the shares are purchased or, under certain circumstances, out of capital. If payment is made out of capital, the Company must be able to pay its debts as they fall due in the ordinary course of business.

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the latest published audited consolidated accounts contained in the annual report for the year ended 31 December 2007 in the event that the Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

### (c) *Trading restrictions*

The Company is authorized to repurchase on GEM or other stock exchange recognized by the Securities and Futures Commission and the Stock Exchange the total number of Shares which represent up to a maximum of 10% of the aggregate nominal value of the issued share capital of the Company as at the date of the passing of the relevant resolution granting the repurchase mandate.



The Company may not issue or announce an issue of new Shares for a period of 30 days immediately following a repurchase whether on GEM or otherwise (except pursuant to the exercise of warrants, share option or similar instruments requiring the Company to issue Shares which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. The Company is also prohibited from making share repurchases on GEM if the repurchases would result in the number of Shares in public hands falling below the relevant prescribed minimum percentage for the Company as required by the Stock Exchange.

(d) *Status of repurchased Shares*

The listing of all Shares repurchased (whether effected on GEM or otherwise) is automatically cancelled and the relevant Share certificates must be cancelled and destroyed as soon as practicable following settlement of such repurchases. Under Cayman Islands law, the Company's repurchased Shares will be treated as cancelled and the amount of the Company's issued share capital will be reduced by the aggregate nominal value of the repurchased Shares accordingly although the authorized share capital of the Company will not be reduced.

(e) *Suspension of repurchase*

Pursuant to the GEM Listing Rules, the Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of the Company's annual results or the publication of its interim report or quarterly report, the Company may not repurchase its Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of the Shares on the Stock Exchange if the Company has breached the GEM Listing Rules.

(f) *Reporting requirements*

As required by the GEM Listing Rules, repurchases of Shares on GEM or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or pre-opening session on the following business day. In addition, the Company's annual report and accounts are required to include a monthly breakdown of share repurchases made during the financial year under review, showing the number of Shares purchased each month (whether on GEM or otherwise), the purchase price per Share or the highest and lowest prices paid for all such repurchases and the total price paid by the Company. The Directors' report is also required to contain reference to the repurchases made during the year and the Directors' reasons for making such repurchases.

The Company shall procure its broker who effects the repurchase to provide the Company in a timely fashion with the necessary information in relation to the repurchase made on behalf of the Company to enable the Company to report to the Stock Exchange.

The Company shall report the outcome of the general meeting called to consider the proposed repurchase to the Stock Exchange immediately following such meeting taking place. In the event that such resolution is passed, the Company shall furnish a copy of such resolution signed by the Chairman of the meeting to the Stock Exchange within 15 days after the resolution is passed, together with a certified copy of the explanatory statement.

(g) *Connected parties*

The Company shall not knowingly repurchase Shares on GEM from a “connected person”, that is, a director, chief executive, substantial shareholder or management shareholder of the Company or any of their associates (as defined in the GEM Listing Rules) and a connected person shall not knowingly sell his Shares to the Company on GEM. As at the Latest Practicable Date, so far as is known to the Company, no connected persons have notified the Company that they have a present intention to sell the Shares.

**2. Reasons for repurchases**

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and its Shareholders.

**3. Share capital**

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,394,400,000 Shares of par value HK\$ 0.02 each. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 539,440,000 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by applicable laws of the Cayman Islands or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

#### 4. Securities Prices

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months before the Latest Practicable Date:

<b>Month</b>	<b>Highest trade price <i>HK\$</i></b>	<b>Lowest trade price <i>HK\$</i></b>
<b>2007*</b>		
March	0.154	0.110
April	0.122	0.112
May	0.134	0.102
June	0.140	0.110
July	0.146	0.112
August	0.126	0.112
September	0.166	0.108
October	0.140	0.110
November	0.138	0.104
December	0.132	0.107
<b>2008</b>		
January	0.160	0.110
February	0.176	0.130
March (up to the Latest Practicable Date)	0.250	0.133

\* The share price had been adjusted for the effect of share subdivision of 1 into 5 on 27 December, 2007.

#### 5. General

To the best of their knowledge, having made all reasonable enquiries, none of the Directors nor any of their associates currently intends to sell any Shares to the Company or its subsidiaries in the event that the Proposed Repurchase Mandate is approved.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the GEM Listing Rules and the laws of the Cayman Islands.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeover and Mergers (the "Code"). As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

As at the Latest Practicable Date, Directors of the Company, Mr. Li Weiruo and Mr. Yuan Bai, who respectively held approximately 54.21% and 6.79% of the issued share capital of the Company, were substantial shareholders (within the meaning of the GEM Listing Rules) of the Company. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the ordinary resolution to be proposed at the Annual General Meeting, the shareholding of Mr. Li Weiruo and Mr. Yuan Bai would be increased to approximately 60.24% and 7.55% respectively and such increase will not rise to an obligation to make a mandatory offer under the Code.

The GEM Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25 per cent. (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

There have been no repurchases of any securities of the Company made in the previous six months (whether on GEM or otherwise). The Directors have no present intention to exercise in full the power to repurchase Shares proposed to be granted pursuant to the Proposed Repurchase Mandate.

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## APPENDIX II      DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

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The details of the retiring directors proposed to be re-elected at the Annual General Meeting are set out as follows:

### **Yuan Bai**

#### *Executive Director*

Mr. Yuan Bai, aged 49, is the Executive Director of the Group. Mr. Yuan is responsible for the cost management and general operations and research and development of the Group. Mr. Yuan graduated from Northeast Institute of Technology with a bachelor degree in engineering in 1982 and obtained a certificate as Senior Engineer in 1992. Mr. Yuan studied economy management in Qinghua University from September 1995 to March 1996. Prior to joining the Group in August 1999, Mr. Yuan was the Deputy General Manager of Chongqing Sanjiu Industrial Co., Ltd., which focused on the manufacture and trading of non-ferrous metal. Mr. Yuan was elected as a people's delegate of the first session of the People's Congress of Chongqing in 1997.

Mr. Yuan does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company and did not hold any directorships in other listed companies in the last three years pursuant to GEM Listing Rule 17.50(2)(c). Other than the personal interests of 366,464,000 shares and 2,000,000 share options of the Company, and long and short position of 420,000 non-voting deferred shares of Ko Yo Development Company Limited (a wholly-owned subsidiary of the Company), she does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

Mr. Yuan has entered in to a service agreement with the Company for a period of three years commencing on 10 June 2006 and shall continue thereafter until terminated by either party giving to the other not less than three months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of the Company. A director's fee in the amount of HK\$120,000 together with a salary and bonus in the amount of RMB370,000 were paid for his services for the year ended 31 December 2007 and this was determined based on prevailing market practice, his duties, responsibilities, contribution to the Company.

Save as disclosed above, there are no information to be disclosed pursuant to any of the requirements of the provisions under the paragraphs 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.

### **Li Shengdi**

#### *Executive Director*

Mr. Li Shengdi, aged 55, is a director of Chengdu Ko Yo Chemical and Chengdu Ko Yo Compound respectively. He graduated from Chinese Communist Party School with a degree majoring economics and was entitled as an economist. Prior to joining the Group, he was the deputy manager of China Nonferrous Huludao Zinc Corporation, from 1983 to 1993, general manager of Hainan Hui

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**APPENDIX II      DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED**

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Yuantang Medicine Co., Ltd. from 1996 to 1999 and general manager of Shanghai Haos Water Rectified Co., Ltd., a Sino-US joint venture from 2000 to 2002. Mr. Li joined the Group in October 2002 and was appointed as a Director of the Company on 29th April 2004. He is currently responsible for the administration and production operations of the Group.

Mr. Li does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company and did not hold any directorships in other listed companies in the last three years pursuant to GEM Listing Rule 17.50(2)(c). Other than the 21,000,000 share options of the Company, he does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

Mr. Li has entered in to a service agreement with the Company for a period of three years commencing on 10 June 2006 and shall continue thereafter until terminated by either party giving to the other not less than three months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of the Company. A director's fee in the amount of HK\$120,000 together with a salary and bonus in the amount of RMB400,000 were paid for his services for the year ended 31 December 2007 and this was determined based on prevailing market practice, his duties, responsibilities, contribution to the Company.

Save as disclosed above, there are no information to be disclosed pursuant to any of the requirements of the provisions under the paragraphs 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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### **Ko Yo Ecological Agrotech (Group) Limited**

**玖源生態農業科技(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8042)**

*Registered Office:*

Cricket Square  
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P.O. Box 2681 GT  
Grand Cayman KY1-1111,  
Cayman Islands

*Principal place of*

business in Hong Kong:  
Suite No. 02, 31st Floor  
Sino Plaza  
255-257 Gloucester Road  
Causeway Bay

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the members of Ko Yo Ecological Agrotech (Group) Limited (the “Company”) will be held at Suite No. 02, 31st Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong on 25th April 2008 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries, the report of the directors and the auditors, and the corporate governance report for the year ended 31st December 2007;
2. To consider the re-election of the retiring directors of the Company;
3. To consider and authorize the board of directors (the “Board”) of the Company to fix the directors’ remunerations;
4. To consider and approve the final dividend of the Company for the year ended 31st December 2007;
5. To consider the re-appointment of PricewaterhouseCoopers as auditors of the Company and to authorize the Board to fix their remuneration; and

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## NOTICE OF ANNUAL GENERAL MEETING

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As special business, to consider and if thought fit, pass the following resolutions as ordinary resolutions:

6. “THAT:
- (a) subject to sub-paragraph (c) below, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the ordinary shares of par value HKD0.02 each (the “Shares”) in the capital of the Company and to make an offer or agreement or grant an option which would or might require such Shares to be allotted and issued be generally and unconditionally approved;
  - (b) the Directors be authorized to make an offer or agreement or grant an option during the Relevant Period which would or might require Shares in the capital of the Company to be allotted and issued either during or after the end of the Relevant Period pursuant to sub-paragraph (a) above;
  - (c) the aggregate nominal value of the Shares in the capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approvals in sub-paragraphs (a) and (b) above, otherwise than pursuant to a rights issue (as defined below) or pursuant to the exercise of options which may be granted under the Share Option Scheme adopted by the Company on 10th June 2003 or an issue of Shares of the Company in lieu of the whole or part of a dividend on Shares of the Company in accordance with the articles of association of the Company, shall not exceed the aggregate of:
    - (i) 20% of the aggregate nominal value of the share capital of the Company in issue; and
    - (ii) conditional on the passing of Resolution No. 8 below, the aggregate nominal amount of the share capital of the Company purchased under the authority referred to in Resolution No. 7;
  - (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the articles of association of the Company to be held; or



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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution; and

“rights issue” means the allotment or issue of Shares in the Company or other securities which would or might require Shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding for such purpose any shareholder who is resident in a place where such offer is not permitted under the laws of that place) and, where appropriate, the holders of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of Shares or such other equity securities.”

7. “THAT:

- (a) the Directors be granted a general mandate to exercise all the powers of the Company to purchase its own securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which shares in the capital of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, such number of securities as will represent up to 10% of the aggregate nominal value of the share capital of the Company in issue, during the Relevant Period (defined below) in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”) (as amended from time to time) (or of such other stock exchange);
- (b) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the articles of association of the Company to be held; or
  - (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
8. “THAT the unconditional general mandate referred to in Resolution No. 6 above be extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such unconditional general mandate of an amount representing the aggregate nominal amount of

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## NOTICE OF ANNUAL GENERAL MEETING

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the securities of the Company purchased by the Company pursuant to the mandate to purchase securities referred to in Resolution No. 7 above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of the Company in issue.”

On behalf of the board  
**Chung Tin Ming**  
*Company Secretary*

Hong Kong, 31st March 2008

**Notes:**

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, in the event of, a poll, vote instead of him. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy must be deposited with the Company’s share registrar in Hong Kong, Union Registrars Limited, at Room 1901-02, Fook Lee Commerical Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (3) Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (4) The register of members of the Company will be closed for the purpose of determining the entitlements of the proposed final dividend from 22nd April 2008 to 25th April 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company’s registrar, Union Registrars Limited, at the above address no later than 4:00 p.m. on 21st April 2008.
- (5) Concerning Resolutions No. 6 and No. 7, the Board wishes to state that there is no immediate plan to issue any new shares or to repurchase any shares of the Company. The general mandates are being sought from shareholders in compliance with the Companies Law (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and the GEM Listing Rules.
- (6) For the sake of good corporate governance practice, the Chairman intends to demand poll voting for all the resolutions set out in the notice of the annual general meeting.